United Nations DP DCP/TCI/1

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
11 February 2005

Original: English

Annual session 2005
13-24 June 2005, New York
Item 6 of the provisional agenda
Country programmes and related matters

Draft country programme document for the Turks and Caicos Islands (2004-2008)

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05-23645 (E) 040305

Introduction

1. The draft country programme outline was prepared based on consultations and dialogue with the Government of the Turks and Caicos Islands. These included meetings during missions in February and June 2004. The draft programme reflects the inputs of a range of governmental, civil society and private sector partners, and fully represents the priorities of the Government.

I. Situation analysis

2. The Turks and Caicos Islands have very few natural resources other than their beaches and surrounding coral reefs. Fishing is the only significant productive sector; low rainfall and soil salinity prevent much agricultural development, and manufacturing is limited in scale and scope. Revenues from tourism have become the mainstay of the economy, as tourist arrivals have increased considerably – from 13,343 in 1982 to 188,370 at the end of 2003.

3. The offshore financial sector constitutes the second most important source of economic activity. The sector is seen as an important contributor to high-income employment creation and government revenue. Growth in the sector has, however, declined slightly in recent years, mainly as a result of new regulatory requirements being monitored by the Financial Action Task Force.

4. Due to the rapid expansion in the tourism and offshore financial services sectors the economy of the Turks and Caicos Islands grew strongly in the 1990s, reaching a peak of about 13 per cent in 1995. While the rate of growth has since slowed, it has remained quite high, averaging 8 per cent during the last few years of the 1990s. Growth has, however, been concentrated in the main island of Providenciales, with limited economic opportunities in the other islands. The standard of living assessment conducted in 2000 confirmed growing inequity arising from the uneven distribution of wealth. The assessment also noted a poverty rate of 26.1 per cent.

5. The 1990 census gave the population of the islands as 12,350. By 2001 the population was estimated at 20,000, due to a substantial increase in immigration, mainly from Haiti and the Dominican Republic. It is estimated that 40 to 50 per cent of the population are immigrants. This rapid growth in the population is placing considerable strains on the social and ecological systems of the islands, as well as exacerbating the pressure on their limited resources. The country now faces major housing shortages and overcrowding, as well as overburdened educational and health services. In addition, the infrastructure development undertaken to accommodate tourism has placed a tremendous strain on the fragile natural environment.

6. Senior private- and public-sector officials point to the growing problems of HIV/AIDS, drug abuse, and domestic violence (particularly spousal abuse). While it is felt that many of these problems are related to the rise in illegal immigration, they may also be due to the insufficient attention given to long-term sustainable development planning. The officials have called for more effective social programmes and integrated development plans to address these and other concerns.

7. In responding to these challenges the Government has announced plans to formulate a 10-year economic and social development plan and a national physical development plan. These instruments are expected to help the Government promote economic diversification, environmental protection, poverty reduction and social development. The plans should also assist in promoting more equitable growth among the islands. Further, the strategic planning frameworks will lay a basis for the coordination of donor support to the country.

8. Another important element of the policy and legislative agenda for 2003-2007 is the reform of the local government system to provide citizens with more direct access to government and to promote greater public participation in decision making. The offices of the district commissioners are being converted into development agencies, and the government is currently instituting district boards to advise the district commissioners.

9. The medium-term agenda of the Government also includes plans to significantly expand the small and micro-business sector of the economy so as to generate more local employment and promote greater local participation in the development of the country. The Government is seeking to spread business opportunities to a wider cross-section of the society and, importantly, to the other, often neglected, islands. To that end, a major restructuring has been planned for the national investment and promotions agency TCInvest, and plans have been outlined to scale up the small-business development centre established under the 1998-2002 country cooperation framework (CCF).

10. The government has introduced national HIV/AIDS and drug-control programmes, and there are plans to establish a crisis centre to deal with matters such as drug addiction and spousal abuse, as well as a vocational training department within the community college to provide skills training to the many unemployed young people, most of them male.

II. Past cooperation and lessons learned

11. The first CCF for the Turks and Caicos Islands (1998-2002) was focussed on two main programme areas: (a) governance and capacity building, and (b) development of small-scale enterprises for income and employment generation. The 2001 review of the CCF indicated overall government satisfaction with the programme and a strong desire to continue the partnership with UNDP. It also noted that the CCF was developed through a fully participatory process and that it was relevant to the priority goals of the Government.

A. Governance and capacity building

12. The shortage of skilled workers in the Turks and Caicos Islands has impacted on the capacity of both the private and the public sector. The public sector is particularly affected, because only a small percentage of highly skilled individuals seek employment in government. This has critically undermined the ability of the State to deliver goods and services to meet the needs of a growing population. A public-sector capacity building project was therefore designed under the last CCF to help build capacity in a number of high priority areas of government with the assistance of the United Nations Volunteers (UNV) programme. At the height of the

project, UNDP/UNV deployed as many as 11 international volunteers to fill critical positions in the public sector. According to the review, the programme was effective in helping to enhance public sector service delivery and in developing the capacity of local counterparts assigned to work with the volunteers.

13. One valuable lesson learned in the programme was that the acute shortage of human resources also affected the ability of the Government to provide counterpart staff to work alongside and be trained by the United Nations volunteers. This had a constraining impact on the transfer of skills and knowledge and created difficulties in the supervision of internationally recruited personnel. Arising from that experience, a public-sector job evaluation/classification exercise is being undertaken that should lead to an improvement in the ability of the State to attract and retain qualified personnel. Consideration is being given to the formulation of a human resource strategy to complement the 10-year economic and social development plan now under discussion. UNDP and the Office of the Chief Secretary have agreed to collaborate more closely in identifying local counterparts prior to the recruitment of United Nations volunteers.

B. Development of small-scale enterprises

14. UNDP and the Turks and Caicos Islands collaborated, through TCInvest, on the development and implementation of a small-business development project that was designed to promote economic diversity and a more equitable distribution of income and employment opportunities across the islands. UNDP assisted in establishing a small business development centre, which provided training and business-support services to Turks and Caicos islanders. Training has also been provided to a wide range of existing businesses, many of which have subsequently reported increased profitability and improved financial and business management. As a result of the success of the programme, the Turks and Caicos Islands has outlined plans to substantially expand the operations of the small business development centre, and a second office has already been opened on Providenciales. Carnival Cruise Lines has pledged $1 million to TCInvest for loans to help start small businesses in the tourism sector, and the Government has indicated that it will contribute another $200,000 to the pool of funds.

15. While the results of the training programme have, for the most part been positive, they have been constrained by the delays in executing the policy component of the project. Reviews of the project have highlighted certain weaknesses in translating training into viable income earning opportunities. In some instances, persons who were trained were unable to access capital, or faced other barriers to developing or expanding their businesses. The experience of the project clearly suggests that for the long-development of the sector and of the country, it will be crucial to establish a favourable small- and micro-enterprise policy and regulatory environment, and to facilitate access to capital. More attention will be placed on this component of the project as it is redesigned and expanded under the new country programme.

16. The review noted the importance of proper public education and sensitization prior to the launch of projects of this nature, to ensure that potential clients are informed and aware of the services and facilities being provided prior to start-up, thus reducing time spent on this type of sensitization during the project itself.

17. On the matter of implementation arrangements, the review noted that the use of the national execution modality and the appointment of a focal-point officer for the projects were effective capacity building measures that accelerated the response to day-to-day implementation issues that would otherwise have had to be referred to the UNDP country office. Further and more sustained capacity building of local personnel will be required as the Turks and Caicos Islands and UNDP consider expanding the programme.

18. In addition to the two projects, the review highlighted the advocacy role of UNDP towards achieving sustainable human development, particularly in the areas of gender and HIV/AIDS education. UNDP interventions in respect of gender helped to increase sensitivity to the issue within government and the society at large, and also led directly to the establishment of a 'women's desk'. The review also commended the advocacy efforts of UNDP in securing the commitment of the Government to promote public participation in national development planning.

III. Proposed programme

19. The present draft country programme document (2004-2008) aims to expand and broaden the scope of collaboration between UNDP and the Turks and Caicos Islands. The proposed programme seeks to build on the work that has already been done, particularly under the Public Sector Capacity Building and Small Enterprise Development programmes, while at the same time providing assistance to the islands in new value-added areas. The current document, in contrast to the previous one, reflects a much greater level of UNDP support for upstream policy, planning and capacity building initiatives. Within the new programme UNDP will draw heavily on its knowledge resources and its ability to foster partnerships that can translate into meaningful development outcomes.

20. The programmatic areas for the country programme document are (a) governance and public sector capacity building, (b) sustainable development planning frameworks, and (c) poverty reduction and social development. The three programme areas are elaborated below.

Governance and public sector capacity building

21. As previously indicated, the Turks and Caicos Islands have initiated measures to reform their local government system. UNDP will provide upstream technical assistance to develop a ministry paper outlining the plans of the Government for local government reform. This will be followed by further technical assistance to review and amend local government laws, regulations, and mechanisms. Assistance will also be provided in developing a sustainable financing mechanism for the local government system. There will be a complementary programme to train local governance partners, increase public awareness of governance issues, and stimulate greater participation in the new governance arrangements.

22. UNDP will follow up on current efforts to build public sector capacity by helping to recruit specialist individuals internationally to fill critical gaps in the public sector. Recruitment will be done through the UNV mechanism and other arrangements as appropriate. The programme will include training to local counterpart staff, who will be expected to assume full responsibility for the UNV positions within an agreed time period.

Sustainable development planning frameworks

23. UNDP previously supported the Turks and Caicos Islands in developing a 10-year national physical development plan. Government officials report that the plan was tremendously useful, particularly in helping to guide the physical development of the islands. The Government has now expressed an interest in developing more holistic medium- and long-term social, economic, and physical development planning instruments.

24. UNDP will therefore provide technical assistance to support the Turks and Caicos Islands in formulating a new 10-year economic and social development plan, including a medium-term economic and social policy framework (MTESPF) and an associated national physical development plan. These are intended to provide direction to the overall process of growth within the country, and, particularly, to ensure sustainability, equity, gender-sensitivity, and inclusiveness. The long-overdue physical development plan, in particular, will help to ensure sustainable, environmentally friendly development. The process will also ensure capacity building within the government planning departments to better design and implement plans and projects. The 10-year plan and the MTESPF will provide critical baseline data for reporting on the Millennium Development Goals. Following the completion of the 10-year plan and the MTESPF, the Government intends to host a roundtable of international development partners (IDPs), with UNDP support, to ensure the best possible coordination of donor support to the development efforts of the country.

Poverty reduction and social development

25. Poverty, inequality, drugs, spousal abuse and HIV/AIDS are seen as growing and highly worrisome social concerns in the Turks and Caicos Islands. It is clear that in order to achieve the Millennium Development Goals of reducing poverty, curbing the spread of HIV/AIDS, and promoting gender mainstreaming, more urgent, far-reaching, gender-sensitive and inclusive economic and social development interventions are needed. Under the proposed programme, support will be provided to strengthen and expand the small- and micro-business and agricultural development efforts of the Government as a means to ensuring greater access to livelihood opportunities for Turks and Caicos islanders. UNDP will also support upstream work in developing gender-sensitive small and medium-sized enterprise (SME) and agricultural sector policies, and in creating new credit mechanisms to expand access to small and micro-entrepreneurs, most of whom are women.

26. In addition to the expansion of the small-business project, UNDP will lend support to the Government to strengthen its vocational training, social crisis management, drug control and HIV/AIDS prevention programmes. A series of technical assistance projects will be designed to help review and restructure existing programmes, as well as to develop new programmes. International advisors will be recruited to provide short- and medium-term support to programme development and staff training efforts in each of these areas.

Expected results

Governance and public sector capacity building

27. In respect of local government reform, the collaboration between UNDP and the Turks and Caicos Islands is projected to result in the greater devolution of

decision-making powers and budgetary resources to local authorities, and the increased capacity of local governance actors – including non-governmental organizations (NGOs) and community-based organizations (CBOs) – to manage local affairs. With regard to capacity building, UNDP assistance is expected to lead to a significant strengthening of key areas of the public sector, and to improved service delivery in these areas. The UNV knowledge transfer intervention should result in increases in the numbers of highly trained locals capable of performing critical public sector functions.

Sustainable development planning frameworks

28. The main anticipated result in this area is the implementation of national strategies and plans aimed at ensuring gender-sensitive, equitable, inclusive, pro-poor and sustainable development planning for all the islands. The processes and mechanisms to be used in formulating the development plans are expected to lead to (a) greater citizen awareness and ownership of national development issues and challenges, (b) greater public involvement in decision-making related to national issues, (c) more effective State management of the development planning process, and (d) better protection of the environment and natural resources of the Turks and Caicos Islands.

Poverty reduction and social development

29. Three key results are anticipated in this area. First, the work on strengthening the small-business project, combined with the wider government initiatives to provide more resources for small business development, should translate into a significant increase in the numbers of small and micro-enterprises and a more equitable distribution of such enterprises across the islands. Second, at the end of the country programme document period there should be an improved policy and regulatory environment for the development of SME and agricultural sectors. Third, collaborative efforts between UNDP and the Turks and Caicos Islands are expected to strengthen institutional capacities, enabling them to respond effectively to emerging social concerns such as HIV/AIDS, and drug and spousal abuse.

IV. Programme management, monitoring and evaluation

30. National execution will continue to be the preferred modality for programme implementation. NGOs and other institutions of civil society will be considered as national executing agencies where feasible and in areas in which they have a proven comparative advantage. UNDP will utilize its results-based management system in performing periodic monitoring and evaluation of programmes. Annual progress review missions will be undertaken to review programme matters and analyse progress. Other government institutions and stakeholders will participate in these reviews as appropriate. A comprehensive country review and output evaluation looking at all aspects of the cooperation will be carried out at the end of the period. At the project level, project managers will continue to submit quarterly progress and financial reports, and the Department of Economic Planning and Statistics, together with UNDP, will regularly review the progress of specific projects. Annual audits will be conducted on individual projects to ensure compliance with government and UNDP guidelines, as well as to ensure sound management practices and accountability.

31. Since UNDP can accomplish much more to support the efforts of the Turks and Caicos Islands to collaborate with others, the programme will continue to develop strategic partnerships for all its activities in the islands. A concerted effort will be made to establish stronger alliances with key development partners such as the Caribbean Development Bank, the Canadian International Development Agency and the European Union. Partnerships with the private sector will also be explored.

32. Utilizing the resources of UNDP as a knowledge organization, the programme will seek to leverage knowledge and resources from across UNDP through the Caribbean sub-regional resources, as well as through the global and regional programmes of UNDP.

Annex. Results and resources framework

National priority: Fostering democratic governance and strengthening public sector capacity				
Programme component	**Country programme outcomes**	**Country programme outputs**	**Output indicators**	**Indicative resources**
Governance and public sector capacity building	1. Increased devolution of decision-making powers and budgetary resources to local authorities, and enhanced capacity of local governance actors (local authorities, NGOs, CBOs, etc.) to manage local affairs 2. Strengthened capacity of the public sector to deliver critical social and economic services	1.1 Technical assistance project to prepare ministry paper on local government reform 1.2 Technical assistance project to review and amend local government laws and regulations and develop financing mechanism 2.1 Recruitment of UNVs to fill critical public-sector positions 2.2 Training of local counterpart staff	1.1 Ministry paper approved 1.2 Laws and regulations amended 2.1 Number of positions filled by UNVs 2.2 Number of local counterparts trained	*Other resources:* Government cost sharing, third-party cost sharing, and trust funds $1,000,000
National priority: Promoting sustainable development				
Sustainable development planning frameworks	1 Improved State capacity to formulate, implement and monitor sustainable development programmes with public and stakeholder involvement 2 Increased public awareness of and debate on national development issues	1.1 Technical assistance project for participatory development of 10-year development plan, MTSEPF and physical development plan 1.2 IDP roundtables on policy framework and development plans 2. Public consultations to develop plans and MTESPF.	1.1 MTESPF document, 10-year development plan and physical development plan 1.2 Number of IDP meetings held 2.1 Number of public consultations held to develop plans and framework	*Other resources:* Government cost sharing, third-party cost sharing, and trust funds $550,000

National priority: Reducing poverty, curbing the spread of HIV/AIDS and promoting social development.				
Social development and poverty reduction	1. Reformed policy and regulatory framework for SME and agricultural sector development 2. Institutional capacities built to plan and implement multi-stakeholder strategies to limit the spread of HIV/AIDS and mitigate its social and economic impact 3. Institutional capacities developed to effectively respond to the problems of drugs, spousal abuse, and other social concerns	1.1 Small and micro-business development project 1.2 Recruitment of regional and international HIV experts in critical areas 1.3 Training of local counterpart HIV staff 1.4 Technical assistance project to review and rationalize national drug control programme 1.5 Recruitment of regional and international experts in drug control, social crisis counselling and technical training	1.1.1 Number of SME training programmes delivered 1.1.2 SME and agricultural policy guidelines developed 1.2.1 Minimum of 3 external HIV experts recruited 1.3.1 Minimum of 3 local counterpart staff trained 1.4.1 External experts report on national drug control programme 1.5.1 External experts contracted	*Other resources:* Government cost sharing, third-party cost sharing, and trust funds $1,197,000
Total indicative budget				**$2,747,000**